Supreme Court, U.S.
FILED
MAY 8 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-1576

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

THE CAMBRIDGE WIRE CLOTH COMPANY,
Petitioner,

v.

THE LAITRAM CORPORATION and INTRALOX, INC.,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY TO BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

G. FRANKLIN ROTHWELL*
RAYMOND A. KURZ
MARY B. STOHLER
BERNARD, ROTHWELL & BROWN, P.C.
1700 K Street, N.W.
Washington, D.C. 20006
(202) 833-5740

Attorneys for Petitioner
**Counsel of Record*

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

TABLE OF CONTENTS

INTRODUCTION 1

CWC Has Shown That The Federal Circuit Found Facts In Contravention of Fed. R. Civ. P. 52(a) 3

The Court of Appeals for the Federal Circuit's Fact Finding in the Determination of Infringement of the '141 and '949 Patents . . . 5

The Court of Appeals for the Federal Circuit's Fact Finding in the Determination of Infringement of the '341 Patent . . 12

CONCLUSION 18

TABLE OF AUTHORITIES

Cases

Anderson v. City of Bessemer City, North Carolina, 470 U.S. 564 (1985) 17

Panduit Corp. v. Dennison Manufacturing Co., 810 F.2d 1561 (Fed. Cir. 1987) 11

Statutes and Rules

Fed. R. Civ. P. 52(a) 1, 2, 3, 4, 5, 10, 11

No. 88-1576

IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1988

THE CAMBRIDGE WIRE CLOTH COMPANY,

Petitioner,

v.

THE LAITRAM CORPORATION
and INTRALOX, INC.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY TO BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Introduction

Petitioner, The Cambridge Wire Cloth Company (hereafter "CWC") offers this reply to the opposition of the Laitram Corporation and Intralox, Inc. (hereafter collectively "Laitram"), to CWC's Petition for Writ of Certiorari.

The issue before this Court concerns the consequences of the failure of the Court of Appeals for the Federal Circuit (hereinafter "Federal Circuit") to follow the standards of Fed. R. Civ. P. 52(a). Enforcement of the standards of appellate review is especially critical in view of the Federal Circuit's unique jurisdictional role as the sole appellate interpreter of all cases arising under the patent laws. Laitram's main argument is that the Federal Circuit made express statements that the facts found at trial by the District Court were accepted by the Federal Circuit. (Laitram's brief,

1, 8, 12, 27 and 30). Laitram's argument obviously completely ignores the important standards of judicial review at risk. Simply because the Federal Circuit stated that it was accepting facts found by the District Court does not make it so. The Federal Circuit's decision should be judged by what it does, not by what it says it does. CWC's request that a writ of certiorari be granted is important for precisely this reason: if the Federal Circuit, or any appeals court, may decide cases without regard for Rule 52 of the Rules of Civil Procedure merely by stating that there are no disputed facts, the judicial system will be subject to the whim of any appellate court choosing to reverse a trial court by finding facts and then covering its tracks by stating that facts are not disputed. More particularly, the

patent system, which relies heavily on the interpretations of law issuing from the Federal Circuit, would be greatly damaged if decisions of the Federal Circuit could be made without regard for the appropriate standards. The Federal Circuit panel that decided this case cast aside the findings of the District Court under the guise of legal error, and, without regard to Fed. R. Civ. P. 52(a), based their decision on facts found, not by the trial court, but by the panel itself. This was clear misuse of the appellate process, and cannot be condoned simply because what the panel said it did is contrary to what it in fact did.

CWC Has Shown That The Federal Circuit Found Facts In Contravention of Fed. R. Civ. P. 52(a)

According to Laitram, CWC's petition is "frivolous" merely because the Federal Circuit made express statements that the

facts involved were either undisputed or accepted as found by the District Court and because the Federal Circuit's opinion appears to set forth the purported legal errors in the District Court's decision. (Laitram's brief, 30). If this were true, then all a court of appeals needs to do when it disagrees with the findings of fact as determined by the trial court, is to say that the facts are undisputed or accepted as found by the trial court and then proceed to make decisions as to the probative value of conflicting evidence on the facts without following the Rules of Civil Procedure. This is what actually happened below and the purpose of Fed. R. Civ. P. 52(a) was completely thwarted by such a result. As the rule plainly states:

> Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses....

Fed. R. Civ. P. 52(a) (appendix, 90a-91a).

In its Petition, CWC pointed out the findings of fact made by the Federal Circuit panel without following this standard and these findings are further illustrated below.

The Court of Appeals for the Federal Circuit's Fact Finding in the Determination of Infringement of the '141 and '949 Patents

Laitram insists that CWC made a de minimis decrease in the width of the link ends in the CAM-CLEAN II product when CWC decreased the width by 11/1000 inch. Whether the changes made to CAM-CLEAN II were "de minimis" is a factual determination to be made by the trial court. Obviously, the trial court found

that the changes made to CAM-CLEAN II were sufficiently substantial that the product did not infringe. In point of fact, all four surfaces of the link ends were decreased by this amount and the resulting link ends were spaced apart by an amount 35% greater than the width. Despite the small amounts, this change clearly was not de minimis when viewed in the context of the distances involved. The trial court held that the 35% greater spacing which resulted from the changes made in CAM-CLEAN II was not merely "slightly greater" as required.

Judge Smalkin, the trial judge, was familiar with the facts relating to the issues involved. Since the device had greater spacing than CAM-CLEAN I, the issue of literal infringement did not arise. Moreover, since the decision on CAM-CLEAN I in the prior trial was based

on the doctrine of equivalents, Judge Smalkin was aware that CAM-CLEAN II had to maximize shear and minimize bending to infringe under the doctrine of equivalents. The additional spacing resulted in a product which does not minimize bending and maximize shear and thus, does not infringe Laitram's patents.

By taking the District Court's findings out of context and ignoring obvious inferences present in the trial court's oral opinion, the Federal Circuit panel managed to substitute its own findings of fact for those of the trial court.

> From the absence of any finding that CAM-CLEAN II did not minimize bending and maximize shear, and from the district court's uncontested finding that the "difference is admittedly small at working loads", and from the district court's uncontested finding that CAM-CLEAN II, even at

> extraordinary loads, is only "less resistant to bending and elongation forces", and from the district court's effectively uncontested finding that "the belt is not, at operating load significantly weaker," and from CWC's admission that CAM-CLEAN I and II are interchangeable and identically warranted, it can only be concluded that in CAM-CLEAN II bending is minimized and shear is maximized.

Appendix, 25a-26a.

First, the trial court had to have made a finding on whether or not CAM-CLEAN II minimizes bending and maximizes shear or it could not have reached its decision on non-infringement. Laitram states that the District Court ignored all the evidence of equivalence and did not explain how the facts show that CAM-CLEAN II did not minimize bending and maximize shear. (Laitram's brief, 17). This statement is contrary to the plain meaning of the trial court's opinion.

Judge Smalkin found that at the higher loads, where one tests to ascertain the true strength of a material, CAM-CLEAN II is less resistant to the bending and elongation forces than the original CAM-CLEAN. (Appendix, 78a). The trial court goes on to state that there is a 35% greater spacing than the width of the link end and this is more than slightly greater. (Appendix, 80a). The Federal Circuit opinion, cited above, ignores these findings and plainly substitutes its own findings. The "uncontested finding that the `difference is admittedly small at working loads'" is irrelevant since the trial court found as a fact that this difference is meaningless and that these devices are not tested at working loads. At the loads the devices are normally tested, CAM-CLEAN II is "less resistant," not

"only less resistant," as found by the Federal Circuit. (Emphasis added).

Other "uncontested findings" on the tests performed were listed by the Federal Circuit and used by the panel to make a factual determination that in CAM-CLEAN II bending is minimized and shear is maximized. These "uncontested" findings were found by the trial court to show that CAM-CLEAN II does not minimize bending and maximize shear. The panel, however, dismissed the tests as "non-probative" (clearly an impermissible interpretation of evidence by an appellate court) and reached their own conclusion without any mention of Rule 52(a). Whether or not the tests were probative to show minimized bending and maximized shear was a finding for the trial court only, unless its findings

were clearly erroneous as provided in Fed. R. Civ. P. 52(a).

If the panel believed that the facts necessary to a determination of an issue were not found by the trial court, at most, it should have vacated in view of that perceived legal error and remanded for the district court to make the missing findings. *Panduit Corp. v. Dennison Manufacturing Co.*, 810 F.2d 1561, 1565 (Fed. Cir. 1987). Instead, without following the proper standards of appellate review, the Federal Circuit found facts not found by the trial court or relied on facts which were not relied on as probative by the trial court to find CAM-CLEAN II infringed the Laitram patents.

The Court of Appeals for the Federal Circuit's Fact Finding in the Determination of Infringement of the '341 Patent

The question before the trial court regarding the '341 patent was whether CWC's sale of CAM-CLEAN II with a circular shaft with keyways constituted contributory infringement of claim 1 of the '341 patent under the doctrine of equivalents. In its argument on this issue, Laitram provides the perfect example of the illogical result of its assertion that the parties must accept, apparently without question, the Federal Circuit's statement that it accepted the facts as found by the trial court. CWC argued in its petition that the Federal Circuit engaged in fact finding by determining that the inventor's testimony was directed to the preferred embodiment. (Petition, 22). Laitram accuses CWC of

making this argument without citing to the trial record and asserts that CWC's argument is contrary to the express statement of the Federal Circuit that it was adopting the facts found by the trial court. (Laitram's brief, 27). However, CWC does not cite to the trial record because the facts found by the trial court make no mention of the inventor discussing the preferred embodiment. (Appendix, 64a-66a). This factual finding was made solely by the appellate panel. (Appendix, 41a). However, if Laitram's argument is to be believed, the parties should acquiesce in the Federal Circuit's statement that it accepted the trial court's finding and not object to the panel's own fact finding. This is nonsense since the panel did not hear the testimony or see the witness; yet the panel determined as a fact what the

inventor testified to at the 1985 trial. This absurd result illustrates the need for Supreme Court supervision of appellate review so that the appropriate standards are followed and appellate courts do not stray beyond the accepted and usual course of judicial proceedings, as clearly occurred in this case.

Laitram further states that the District Court held that Laitram was estopped from asserting that a keyed shaft was the functional equivalent of a square shaft, simply because the inventor had described a square shaft as the preferred embodiment for commercial exploitation. (Laitram's brief, 27). This was not the holding of the District Court; rather, this was a finding of the Federal Circuit based upon its own impermissible fact finding. The holding of the trial court stated:

> The particular embodiment of it in Claim 3 is square. Claim 1 is broader but still noncircular, in my judgment does not cover the round shaft with keys, which is a technology that has been known for donkeys' years and, in fact, would not itself be a patentable device and that is quite obvious; and, furthermore, if you look at my oral opinion in the other case at 299, I indicated in there that the square shaft was adopted for the reason of avoiding the problem of loss of a key or shearing of a key.
>
> And this is consistent with Mr. Lepeyre's testimony and I find that a round shaft with keys is essentially a circular shaft. It is not a noncircular shaft, as that is used in '341, as the inventor himself views what is a circular and noncircular shaft; and I think that the resolution of this is clear and the inventiveness in 341 was putting together the square shaft or other regular polygonal shaft, which gives you a very positive drive mechanism, putting that together with fixing one sprocket and letting others float.

Appendix, 65a-66a.

Thus, the trial court's decision was based on a determination of what constitutes a noncircular shaft, as opposed to a circular shaft. The fact as found by the trial court was that the inventor himself distinguished the circular shaft with keyways from the noncircular shaft of the invention during the 1985 trial and, thus, was estopped from making the argument that a circular shaft with keyways was noncircular in the later trial. As distinguished from the facts found by the trial court, the Federal Circuit substituted its own finding of fact that the inventor was only discussing square bore shafts and, thus, could not be estopped in the later trial from making the argument that a circular shaft with keyways was noncircular.

This example emphasizes the considerable problems which arise when an appellate court does not follow the standards of review set forth in the Federal Rules of Civil Procedure and the case law of the Supreme Court. In essence, the panel has determined the outcome of this case without the benefit of hearing and seeing the demeanor of the witnesses in each of the trials. The Federal Circuit's rejection of the findings of the trial court were clearly not based on legal issues, and the standards of review plainly do not entitle a reviewing court to reverse the findings of the trier of fact simply because it is convinced that it would have decided the case differently. *Anderson v. City of Bessemer City, North Carolina*, 470 U.S. 564, 573 (1985).

CONCLUSION

This Court should review this case because of the importance of the issue presented in light of the special position of the Federal Circuit as the sole arbiter of patent cases. An appellate court must follow the appropriate standards of review to maintain consistency in decision making. Laitram's arguments simply cannot stand in view of the many facts which were determined by the trial court in the present case, discarded by the panel and then replaced by opposing facts as found by the Court of Appeals for the Federal Circuit.

CWC respectfully requests that its Petition for Writ of Certiorari be granted.

Respectfully submitted,
this 8th day of May, 1989

G. Franklin Rothwell
Raymond A. Kurz
Mary B. Stohler
BERNARD, ROTHWELL & BROWN
1700 K Street, N.W.
Washington, D.C. 20006
Phone: (202) 833-5740

Attorneys for Petitioner.